



Department of Justice

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**FORMER PHILIP MORRIS PURCHASING AGENT CHARGED WITH
BID RIGGING AND TAX EVASION IN NEW YORK**

WASHINGTON, D.C. -- A former Philip Morris Inc. purchasing agent was charged today with participating in a conspiracy to rig bids and allocate contracts for the supply of display materials used to advertise products in retail stores and willfully attempting to evade income taxes.

The Department of Justice's Antitrust Division filed a two-count felony case in U.S. District Court in New York City against Louis T. Cappelli of Garden City, New York, alleging that he was involved in the bid rigging conspiracy which began in the late 1970s and continued until October 1991.

Cappelli has agreed to deposit approximately \$2 million into an escrow account to cover potential liabilities arising from his conduct, according to the Antitrust Division.

Count one charges that Cappelli, while employed as a purchasing agent at Philip Morris Inc. in Manhattan, participated in a conspiracy to rig bids and allocate contracts for the supply of point-of-purchase display materials awarded by Philip Morris Inc. in violation of Section One of the Sherman Antitrust Act.

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Point-of-purchase display materials, such as display stands, posters and counter cards, are used to advertise and display various kinds of consumer goods, primarily in retail stores. Cappelli was charged with conspiring with others to designate which supplier of display materials would be the low bidder on such contracts, arrange for one or more higher, noncompetitive price quotations or bids from other suppliers and make payments of at least \$1 million to Cappelli for his assistance in controlling Philip Morris's program for seeking competitive price quotations or bids for contracts to supply display materials.

Count two charges that Cappelli willfully attempted to evade income tax by failing to report numerous substantial bribes he received in cash from various suppliers of point-of-purchase display materials to Philip Morris Inc.

Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, said the charges arose in connection with a grand jury investigation in New York City into collusive practices by suppliers of point-of-purchase display materials. The investigation was prompted by information supplied by Philip Morris, which has continued to cooperate.

Bingaman said the investigation, being conducted by the Antitrust Division's New York field office with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service, is continuing. Anyone with information concerning bid

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rigging, bribery or fraud in the display industry may contact the New York Division of the FBI at (212) 335-2700.

The maximum penalty for an individual convicted of a violation of the Sherman Act continuing after November 16, 1990, is three years in prison and a fine not to exceed the greatest of \$350,000, twice the pecuniary gain derived from the crime or twice the pecuniary loss caused the victims of the crime.

The maximum penalty for an individual convicted of an attempt to evade income tax is five years in prison and a fine not to exceed the greatest of \$250,000, twice the pecuniary gain derived from the crime or twice the pecuniary loss to the victims, together with the costs of the prosecution.

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